

The SASKATCHEWAN **WHEAT POOL**

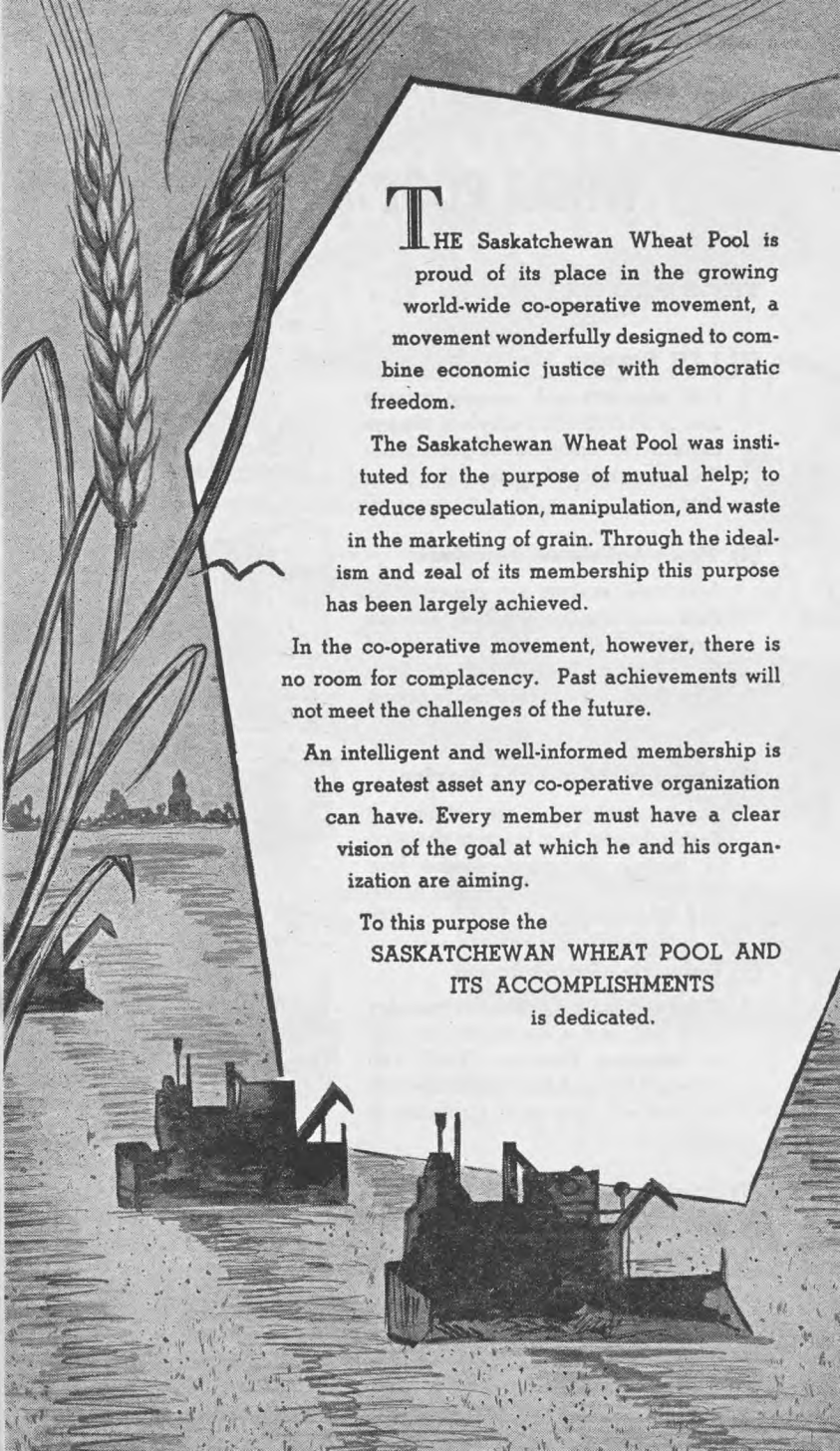
and its

ACCOMPLISHMENTS



1954



A stylized illustration of wheat stalks in the upper left corner, with a white triangular shape containing text. Below the text, a body of water is shown with two grain elevators. The background is a dark, textured grey.

THE Saskatchewan Wheat Pool is proud of its place in the growing world-wide co-operative movement, a movement wonderfully designed to combine economic justice with democratic freedom.

The Saskatchewan Wheat Pool was instituted for the purpose of mutual help; to reduce speculation, manipulation, and waste in the marketing of grain. Through the idealism and zeal of its membership this purpose has been largely achieved.

In the co-operative movement, however, there is no room for complacency. Past achievements will not meet the challenges of the future.

An intelligent and well-informed membership is the greatest asset any co-operative organization can have. Every member must have a clear vision of the goal at which he and his organization are aiming.

To this purpose the
**SASKATCHEWAN WHEAT POOL AND
ITS ACCOMPLISHMENTS**
is dedicated.

The

WHEAT POOL *includes*

THESE PHYSICAL ASSETS:

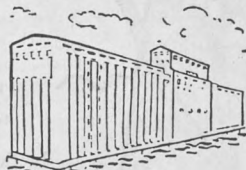
(1) 1,141 Country Elevators

Pool elevators and annexes provide nearly 74,000,000 bushels of storage capacity, for co-operative grain handling service in all parts of the province.



(2) Three Lakehead Terminals

Additional savings are provided for Pool members through fast, efficient terminal service at Fort William and Port Arthur. Pool Terminals have 20,500,000 bushels of storage capacity.



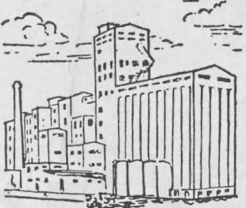
(3) Livestock Marketing Service

Top livestock prices are obtained at Saskatchewan Pool markets operated in Regina, Saskatoon, Moose Jaw, Swift Current, Yorkton, Prince Albert and North Battleford.



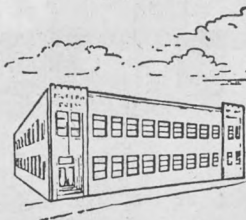
(4) Industrial Development

This includes a 2,000-barrel-per-day flour mill, and a vegetable oil plant in Saskatoon. Produces "Pool" and "Co-op" flours, linseed and rapeseed oil, and oil cake meal for livestock feed.



(5) Printing and Publishing

Located at Saskatoon, this division includes the Modern Press, a first-class job printing plant; and The Western Producer, Western Canada's finest farm weekly newspaper.





THE SASKATCHEWAN WHEAT POOL

PURPOSE

- To speak for farm people
- To provide efficient, non-profit grain and livestock marketing service.



OWNERSHIP

- By the co-operative farm people of Saskatchewan.



CONTROL

- Through 166 delegates elected annually by the farmer-owners.

LOCAL REPRESENTATIVES

- Your Wheat Pool Committee.
- Your Pool Elevator Agent.

BUSINESS

—Whether you patronize it or not, the POOL is your guardian in the grain and livestock business. It is the biggest primary grain organization in the world. It handles 50% of the Saskatchewan crop; and it provides livestock marketing facilities throughout Saskatchewan.

It Operates Entirely in the Interests of Farmers.



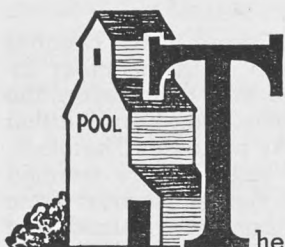
A BRIEF SUMMARY OF A NUMBER OF **WHEAT POOL ACHIEVEMENTS AND** **SERVICES**

Note: It should be kept in mind that items in the following list which concern agricultural policy are, for the most part, joint achievements of organized farmers throughout Canada. In particular the work of the Saskatchewan Wheat Pool as a farm organization is carried on in close co-operation with its sister Wheat Pool organizations in Alberta and Manitoba.

- 1.—Co-operative grain handling facilities which are available to farmers in every part of Saskatchewan.
- 2.—Large and modern co-operative facilities in the vital field of grain terminal operation.
- 3.—Earnings in its 29 years of operation of more than \$90 million, from country elevator and terminal operation.
- 4.—Publication of The Western Producer, the fully independent weekly farm newspaper — a vital service to the farm community.
- 5.—Operation of a province-wide co-operative live-stock marketing service.
- 6.—Construction and operation, in the interests of co-operative producers and consumers, of a flour mill and vegetable oil plant.
- 7.—Support of the negotiation of the Canada-United Kingdom Wheat Agreement as an interim post-war measure for the stabilization of wheat prices and markets.
- 8.—Instrumental in promoting the successful negotiation of an International Wheat Agreement as a measure suitable for permanent policy for the stabilization of wheat prices and markets.
- 9.—Elimination of speculation in the marketing of Canadian wheat. The Wheat Board made sole marketing agency in response to the organized demands of farmers.

- 10.—Enlargement of Wheat Board powers, making it the sole buyer of coarse grains delivered in the prairie provinces.
- 11.—Protection to the producer of products other than wheat through the Agricultural Prices Support Act.
- 12.—Instrumental in obtaining many improvements in the Canada Grain Act, including reclassification of grades of grain, raising of outturn grain standards at terminals, elimination of mixing at terminal elevators, improvements in inspection procedures, improvement of car order book regulations, and many others.
- 13.—Improving service to members in such ways as introducing the automatic sampler at terminal elevators and establishing an inspection department at Winnipeg for the protection of the grower.
- 14.—Contributing to the drafting of both provincial and dominion debt legislation during the depression.
- 15.—Presentation of the views of farm people on such questions as increases in freight rates.
- 16.—Support of the Churchill route both before and since its construction.
- 17.—Promotion of the ideals and practices of the co-operative movement among young people through co-operative schools and citizenship days.
- 18.—Assisting, both financially and through participation in organization work, the development of new co-operative enterprise in the province.
- 19.—Young people's work, through sponsorship of boys' and girls' clubs in the country; grants to the University of Saskatchewan for extension; variety testing programs, etc.
- 20.—Contributing throughout the province to the successful carrying out of all worthwhile community enterprises.

- 21.—Training community leaders by reason of their participation in the country activities of the Wheat Pool.
- 22.—Provision of important services to the membership such as library service, seed germination testing, and smut testing.
- 23.—Weekly publication during the growing season of the most authoritative report on the condition of the Saskatchewan crop.
- 24.—United presentation of the views of the Pool membership on all matters affecting their welfare.
- 25.—Opposing, with considerable success, attempts to have the income tax applied to co-operative savings.
- 26.—Assisting in the successful formation and growth of the Canadian Federation of Agriculture.
- 27.—Assisting in the successful formation of the International Federation of Agricultural Producers, —spokesman for world farmers.
- 28.—Lending the assistance of the country organization facilities of the Wheat Pool in the promotion of important and worthwhile enterprises such as the distribution of information on weed control and other agricultural practices, and the raising of money for various relief appeals.
- 29.—Contributing, financially and otherwise, to the successful development of such educational projects as Farm Radio Forum.



The Saskatchewan Wheat Pool may be described, as is done in this booklet, in terms of its financial resources and its facilities, the services it renders, or its activities in the field of agricultural policy.

But in the truest sense the Wheat Pool is its membership: 100,000 Saskatchewan farmers joined together voluntarily to reduce the exploitation and insecurity that constantly threaten the farm industry. This they attempt to do through co-operative business activity, and through efforts to obtain improvements in farm policy.

What the Wheat Pool has to say about farm policy, however large a business concern it may be, would have little importance were it not that the opinions of the Pool reflect the opinions of its members—the majority of Saskatchewan farmers. The Pool is a democratic, co-operative organization. It is controlled by the democratically elected representatives of the membership. It is, therefore, more than a business—it is a tool with which to build a secure, prosperous and satisfying way of life on Saskatchewan farms.

FINANCIAL POSITION AND EARNINGS

First let us look at the over-all Wheat Pool picture in terms of financial position, and the record of earnings. The story is told in the diagram on Page 10.

Investment of Members

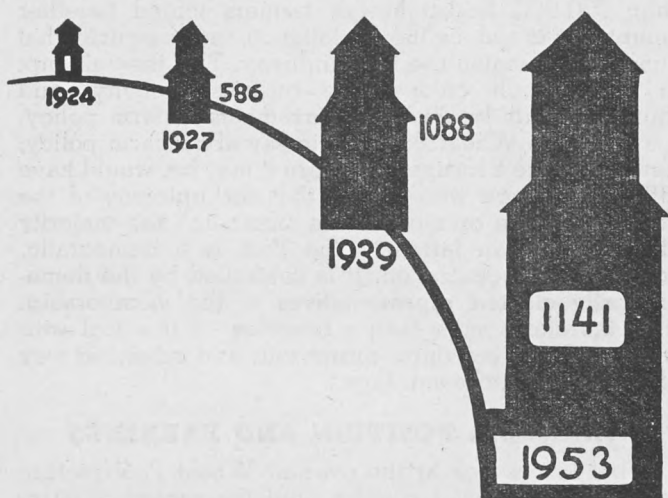
The Pool membership has invested \$24,916,000 in the organization. This investment, apart from \$139,000 paid by members for shares, is made up of Elevator Deductions and Commercial Reserves.

For the most part, Elevator Deductions represent money obtained in the twenties from Pool members at the rate of two cents per bushel for all the wheat they delivered under contract. These deductions have been used to expand the Pool elevator system.

Commercial Reserves were similarly obtained from members between 1924 and 1928, usually at the rate of

one percent of the selling price of grain deliveries made under contract.

Until recently, the deductions made in the twenties represented practically the whole of the member investment. During the past three years, however, the Board of Directors and the delegate body have felt that a further member investment was required. Therefore, from 1950-51 earnings about \$1 million were retained by the Wheat Pool from excess charges refunds. From 1951-52, approximately \$2½ million was retained, and from 1952-53 about \$2½ million. These funds are set up to the credit of members just as in the case of funds used to purchase deductions from the estates of deceased and from inactive members.



Fixed Assets

Built and purchased at a cost of \$46,890,000, the fixed assets of the Wheat Pool include country elevators, terminals, the flour mill and flax plant, livestock yards, Modern Press, the Head Office building and other property of various kinds.

The elevator system represents the major part of the fixed assets. The country elevators, of which there are about 1,141, represent an original cost of more than twenty million dollars. The three terminals, 7, 4 and 5, have a combined capacity of about twenty and a half million bushels, and cost about fourteen million dollars.

The actual number of Pool country elevators has been reduced due to consolidation of houses, by which separate elevators at one point are moved together, one forming an annex to the other. As a result of new annex construction, however, storage capacity has increased substantially, from approximately 67 million bushels at July 31, 1952 to over 70 million bushels on July 31, 1953. It is expected that by the end of 1953 this figure will have risen to almost 74 million bushels.

DISTRIBUTION OF EARNINGS

A total of \$61,740,000 in net earnings has been distributed since the organization was formed. Of this, \$36,070,000 has been paid out in cash, \$6,020,000 has been retained as a loan and credited to members, and \$19,650,000 was used to liquidate the 1929-30 Pool overpayment liability.

The following figures give a breakdown of the amounts paid and credited to members, and payments on their behalf to July 31, 1953 (including 1952-53 allocation):

Cash patronage dividends.....	\$18,370,000
Used for the purchase of deductions.....	12,900,000
Interest paid on deductions.....	4,500,000
Farm storage paid to members.....	300,000
	<hr/>
Total payments in cash.....	\$36,070,000
	<hr/>
Retained as a loan and credited to members \$	6,020,000
Payments re 1929-30 Pool overpayment.....	19,650,000
	<hr/>
Total distribution.....	\$61,740,000
	<hr/>

Included in the above totals is an excess charges refund of more than \$6,000,000 which will be paid out or credited early in 1954. This amounts to 3 cents per bushel on deliveries during the 1952-53 season. One cent will be paid in cash, three-quarters cents will be used to purchase deductions and one and one-quarter cents will be retained as a loan and credited to the members.

In addition to the distributed earnings shown in the table, \$4,770,000 has been transferred to general reserve. Thus, total net earnings of the company, after taxes and other expenses, are in excess of \$66,510,000.

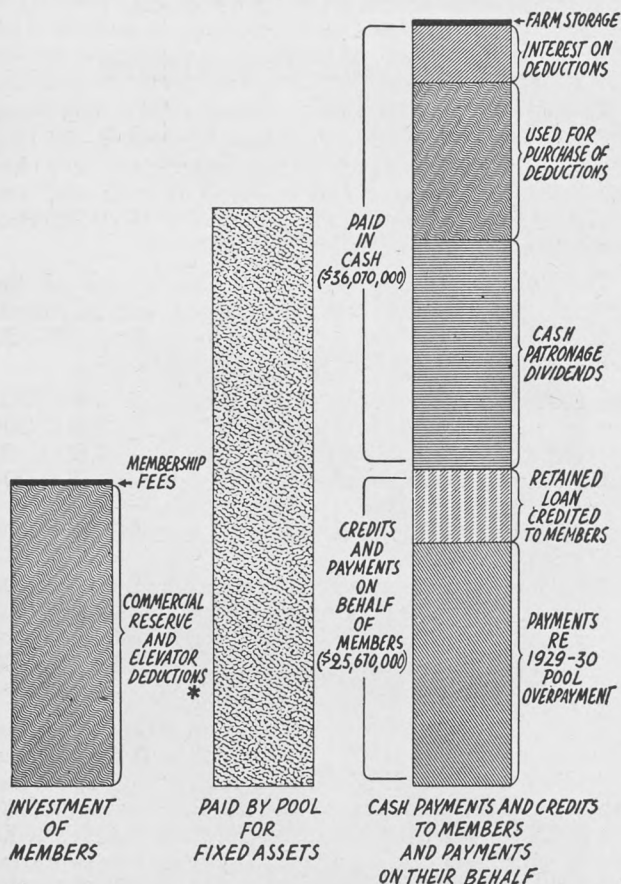
THE FINANCIAL RECORD

1924-1953

\$24,916,000

\$46,890,000

\$61,740,000

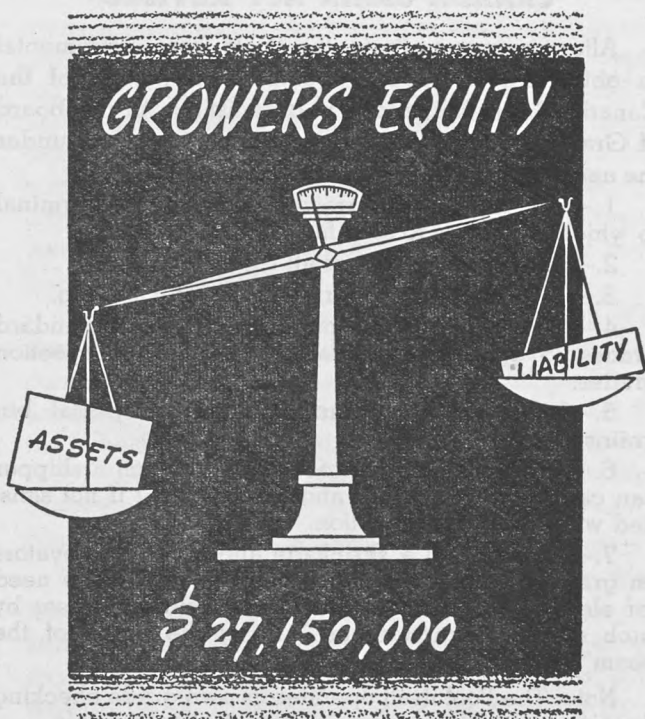


*Includes \$6,020,000 retained as a loan from excess charges refunds allocated to members during 1950-51, 1951-52 and 1952-53.

Grower's Equity

It is worth noting that on the books of the company, the equity of farmer members in the organization, after allowing for all liabilities, is shown at \$27,150,000 or considerably more than the investment of members in the organization. This is as of July 31, 1953.

It should be emphasized that the net earnings of the organization do not give a complete indication of the dollars and cents gain which has resulted from Pool activities. Improved marketing practices and generally lower handling charges have benefited Pool and non-Pool farmers alike. These savings, invisible but in sum far more important than the record of Pool earnings, can be credited to the efficient service and continued concern for the farmers' interests which the Wheat Pool has supplied.



As an example, a table is printed at the back of this book showing handling spreads on street grain for each year since 1925. This table shows that these spreads have over the years been reduced on several occasions. The Wheat Pool can claim that it has taken the initiative in reducing elevator charges to the grower, when this was possible, often advocating such a move over Line Company opposition. At other times, increases have been prevented by refusal of the Pools to go along with such action. For those years when the open market operated, it is well, too, to remember that the price actually paid to the farmer was the Winnipeg price, less handling charges, less freight, **less a varying amount depending in part upon conditions on the market.** These spreads were frequently excessive, especially for the lower grades, and since its inception, the Pool elevator system has done a great deal to prevent needlessly wide spreads.

CANADA GRAIN ACT REVISED

After strenuous efforts, the Pools were instrumental in obtaining, in 1930, a complete re-writing of the Canada Grain Act, and a re-organization of the Board of Grain Commissioners. Improvements secured under the new Act were:

1.—The right of the grower to choose the terminal to which he wishes to ship his grain.

2.—A re-classification of all grades of grain.

3.—A curtailment of terminal elevator mixing.

4.—The raising of the outturn and export standard grades to approximate quality of primary inspection grades.

5.—Improvement in the handling of special bin grains.

6.—A more effective procedure by which a shipper can call for re-inspection and make appeal if not satisfied with the final inspection.

7.—Provision of a shrinkage allowance to elevators on grain handling, thus eliminating any possible need for elevator operators to recoup unavoidable losses by such doubtful practices as "taking the break of the beam" in weighing.

Note: The Pool itself operates its own grade checking department at Winnipeg as a protection to growers.

Again, here was a situation made to order, under a speculative market, for slashing street prices and imposing excessive spreads. These things would undoubtedly have taken place under the influence of the great risks and uncertainties to which, under such conditions, the private trader in an open market would be exposed.

In 1952 and 1953, western Canada harvested the two largest crops in history. Despite record exports during the 1952-53 season, a large carryover remained at the end of the crop year, and this, together with the near-record production of 1953, brought Canadian wheat stocks to their highest level since the fall of 1942.

Now came the biggest test the Canadian Wheat Board had ever faced.

Pressure was exerted from overseas grain trade and other sources in an effort to force the Wheat Board to slash prices and unload the huge wheat supplies. Importing countries, particularly the United Kingdom, had bought up large supplies before the end of the crop year, and were in no hurry to make further commitments. Other exporting countries had harvested good crops. Throughout Canada and United States elevators were filled to overflowing, and temporary open storage bins dotted prairie fields.

In the face of heavy pressure, the Canadian Wheat Board adopted a firm price policy. Under open market conditions the heavy stocks of wheat would have caused an immediate and violent depression in prices. With the Wheat Board in control this did not happen. It was recognized that high quality wheat could be stored safely for a considerable period, and that ample supplies could be a tremendous asset during a time of scarcity.

In this policy the Canadian Wheat Board had the solid support of the Wheat Pools, and the approval of farmers who knew from past experience that indiscriminate lowering of prices would be a disastrous way to deal with the situation.

A word about oats and barley. The post-war situation here is that Canada promises to be in the business of commercially disposing of oats and barley on a permanently expanded scale, particularly in export markets. The last four years have been critical ones for marketing coarse grains as well as wheat. Demand for feed grain has been remarkably good, but the Wheat Board has been essential to the orderly disposal of Canadian supplies.

In spite of the great improvement in grain marketing methods, however, some further steps should be taken. The continued operation of the futures market in oats and barley, and the action of the Board in using the facilities of this market, has reduced the usefulness of the Wheat Board method. Buyers of oats and barley continue to be faced with buying on a constantly fluctuating market, and western farmers still do not have a marketing agency which is prepared to establish an independent policy of orderly selling at fairly stable prices. The permanency of the eastern Canadian market for coarse grains is threatened by the instability of the present situation, and the position can never be satisfactory until the influence of the speculative market in these grains is eliminated.

CANADIAN WHEAT BOARD PAYMENTS

	Initial	Adjustments	Final	Total
Wheat (1 Nor. Basis Lakehead)				
1947-48.....	\$1.35	\$0.40	\$0.0834	\$1.8334*
1948-49.....	1.55	0.20	0.0834	1.8334*
1949-50.....	1.75	—	0.0834	1.8334*
1950-51.....	1.40	0.20	0.255	1.855
1951-52.....	1.40	0.20	0.2333	1.833
1952-53.....	1.40	0.20	0.12	?
1953-54.....	1.40	?	?	?

*Uniform 1945-46 to 1949-50.

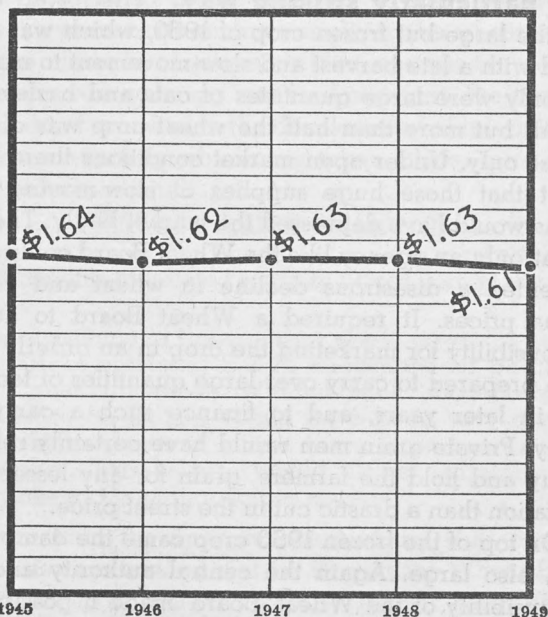
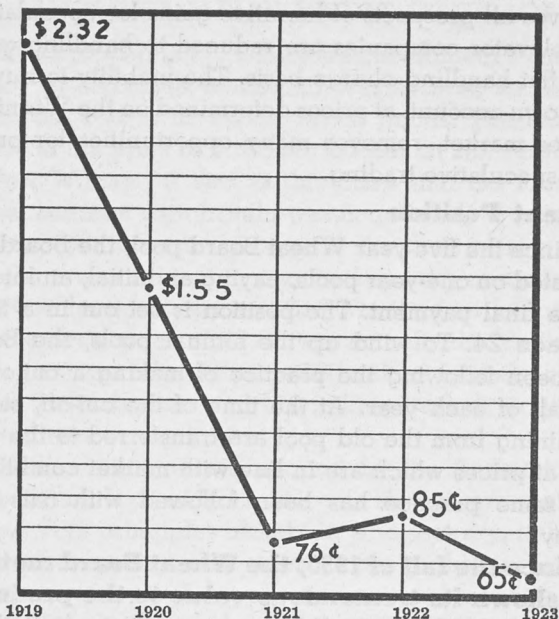
Oats (2 CW Basis Lakehead)

1949-50.....	65c		19.128c	84.128c
1950-51.....	65c	10c	9.808c	84.808c
1951-52.....	65c		18.802c	83.802c
1952-53.....	65c		9.028c	74.028c

Barley (1 Feed Basis Lakehead)

1949-50.....	87c		45.330c	132.330c
1950-51.....	87c	20c	16.327c	123.327c
1951-52.....	87c	20c	14.158c	121.158c
1952-53.....	87c	15c	10.758c	112.758c

AVERAGE WHEAT PRICES RECEIVED BY SASKATCHEWAN FARMERS FOLLOWING THE TWO WORLD WARS*



* 1945-46 to 1949-50 are the years of the five-year wheat pool operated by the Wheat Board.

removes all prospects of lucrative gains for speculators, and elevator companies are reduced to handling grain on a flat handling charge basis. The inability to buy on their own account, at prices determined on the Winnipeg futures market, removes many opportunities for profitable speculative trading.

Present Position

Since the five-year Wheat Board pool, the Board has operated on one-year pools, paying an initial, an interim and a final payment. The position is set out in a table on page 24. To wind up the annual pools, the Board has been following the practice of making a cut-off in the fall of each year. At the time of the cut-off, stocks remaining from the old pool are transferred to the new pool at prices which are in line with market conditions. The same practice has been followed with oats and barley.

Since the fall of 1950, the Wheat Board method has shown its tremendous value to the producer in a particularly striking way. First of all there was the large but frozen crop of 1950, which was combined with a late harvest and slow movement to market. Not only were large quantities of oats and barley harvested, but more than half the wheat crop was of feed grades only. Under open market conditions there is no doubt that these huge supplies of slow-moving feed grains would have depressed the market badly. The fact is that only an agency like the Wheat Board could have prevented a disastrous decline in wheat and coarse grains prices. It required a Wheat Board to accept responsibility for marketing the crop in an orderly way, to be prepared to carry over large quantities of feed for sale in later years, and to finance such a carryover policy. Private grain men would have certainly refused to buy and hold the farmers' grain for any lesser consideration than a drastic cut in the street price.

On top of the frozen 1950 crop came the damp 1951 crop, also large. Again the central authority and the responsibility of the Wheat Board made it possible to handle this enormous problem successfully.

ANGLO-CANADIAN WHEAT CONTRACT

The first step in the Canadian government's post-war policy of stabilized marketing was to halt, in June of 1945, the rise in its export wheat prices. The halt was called at the price of \$1.55 per bushel for No. 1 Northern at Fort William. It was at this price that the four-year wheat contract with Britain was negotiated, as far as the first two years were concerned. For the last two years the price was subject to negotiation, with minimums of \$1.25 in the third year and \$1.00 in the fourth. For both these years a price of \$2.00 was actually decided upon. The quantities involved were 160 million bushels in each of the first two years and 140 million bushels in each of the last two.

This contract was supported by the Saskatchewan Wheat Pool. It provided a welcome step toward realizing Wheat Pool principles of stability and security, although it was recognized that no solution could be entirely satisfactory short of a truly international wheat agreement. The period of the contract, 1946-47 to 1949-50 were the years of maximum scarcity in the wheat market and the claim has been made that western farmers lost large sums by entering into it. Apart from the fact that the contract was vital to the development of international orderly marketing which has taken place, two points must be kept in mind:

1. The contract was a **stabilization** measure. It is not possible to reap the benefits of orderly marketing and the benefits of inflated scarcity prices both at the same time.
2. The existence of the contract was a powerful help to Britain in obtaining E.C.A. allocations for purchases of Canadian wheat. Without such allocations, the pressure on Britain would have been very great to buy U.S. wheat, of which there have been surplus supplies. This in turn would almost certainly have depressed Canadian prices severely.

Soon after the announcement of the U.K. contract it was also announced that for its part the Wheat Board would set up a five-year pool for wheat covering the years 1945-1946 to 1949-1950. The initial price for these

five years was to be \$1.35, retroactive to 1945-1946, when \$1.25 had been the initial payment. The Wheat Board soon accumulated considerable surpluses on its operations. The initial payment was later increased twice, finally reaching \$1.75.

When the \$2.00 price for the final year of the U.K. contract was announced, producers were given to understand, by both governments, that final settlement for the last two years of the contract would be postponed until near the end of the pool period. Since prices for wheat continued high during 1948-1949 and 1949-1950, and since world price levels continued to rise, farmers felt that these negotiations should yield a very substantial further payment by the United Kingdom. The U.K. government declined, however, to make any further payment, but the Canadian government recognized the justice of producer claims to the extent of a sixty-five million dollar contribution from the public treasury. Though inadequate, this payment was appreciated by farmers.

Differences of opinion about the full fairness of the settlement, it should be stated, were far from reflecting a change of producer opinion on the value of the agreement. The great majority of producers felt that the agreement meant security and stability, and in all probability a better price than could have been obtained without it.

With the final payment of 8.3 cents per bushel, the final price for the five-year pool was \$1.833 per bushel basis 1 Northern at Fort William. The 8.3 cents was made up of about 4.6 cents from the sixty-five million dollar government payment and 3.7 cents from the Wheat Board surplus remaining at the end of the Pool period.

The Canada-United Kingdom wheat contract was faced with much vocal criticism, which came mainly, if not entirely, from grain trade interests and their supporters. The opposition of the grain trade, including elevator companies, was natural. The practice of marketing by agreement through a national board

Ottawa of a delegation of some 400 farmers and other Saskatchewan citizens, together with a petition signed by 185,000 persons. The delegation was financed by contributions from signers of the petition. It demanded an initial price of \$1 a bushel for wheat, a policy of guaranteed fair prices for farm products, the establishment of delivery quotas and improvements in P.F.A.A. What was obtained was too little, but it was something; a 90 cent initial payment for 1942-1943; minimum prices for oats and barley; some amendments to P.F.A.A., and a fixed price of \$2.25 a bushel for flax.

This delegation was a high point in the history of farm organization. It gained some immediate benefits for farmers, and it put on record in no uncertain terms the demand of farmers for security and fair treatment in the sale of their products.

It is worth noting that for the three years of 70 cent initial payments, the open market price averaged above 70 cents, but less than the final return to farmers who delivered to the Wheat Board.

In the fall of 1943 wheat prices were rising on both the Chicago and Winnipeg exchanges. On September 28, 1943, the government announced that it would immediately take ownership of all stocks of wheat in Canada, except those on farms, and henceforth would be the sole buyer and seller of Canadian wheat. The initial Wheat Board payment was set at \$1.25 for No. 1, Northern. This move was a victory for the Wheat Pools, as it represented a fulfillment of one of their long-time demands—the elimination of speculation in Canadian wheat by making a national board the sole marketing agency.

By this time there had begun a rapid disappearance of wheat, not only for food but for feed, and alcohol production. It was becoming more and more obvious that the allies would win the war in the not too distant future and would soon need all the food that could be scraped together. It was now clearer than ever that to view wheat supplies as unwanted surplus, and to pay

less-than-cost prices, had always been an unfair and unrealistic policy.

Post-War Developments

Following the war there was, first, a period of extreme scarcity of wheat extending to the 1947-48 crop year. After that time supplies improved and prices obtained on world markets outside the four-year Anglo-Canadian and, later, the International Wheat Agreement, declined substantially from the very high levels reached in 1947-48. At the same time, due to the world's expanded need for food, combined with the financial assistance rendered to many countries by the United States, world demand for wheat actually increased. World wheat trade for the three years ended July 31, 1953, reached a higher level than at any other time in history. A major reason for this demand has undoubtedly been that a large part of the world's trade in wheat has been carried on by agreement at fair prices, which has given security and confidence to importing countries, and made it possible for them to plan their import programs on a stable and fairly generous basis.

ORDERLY MARKETING

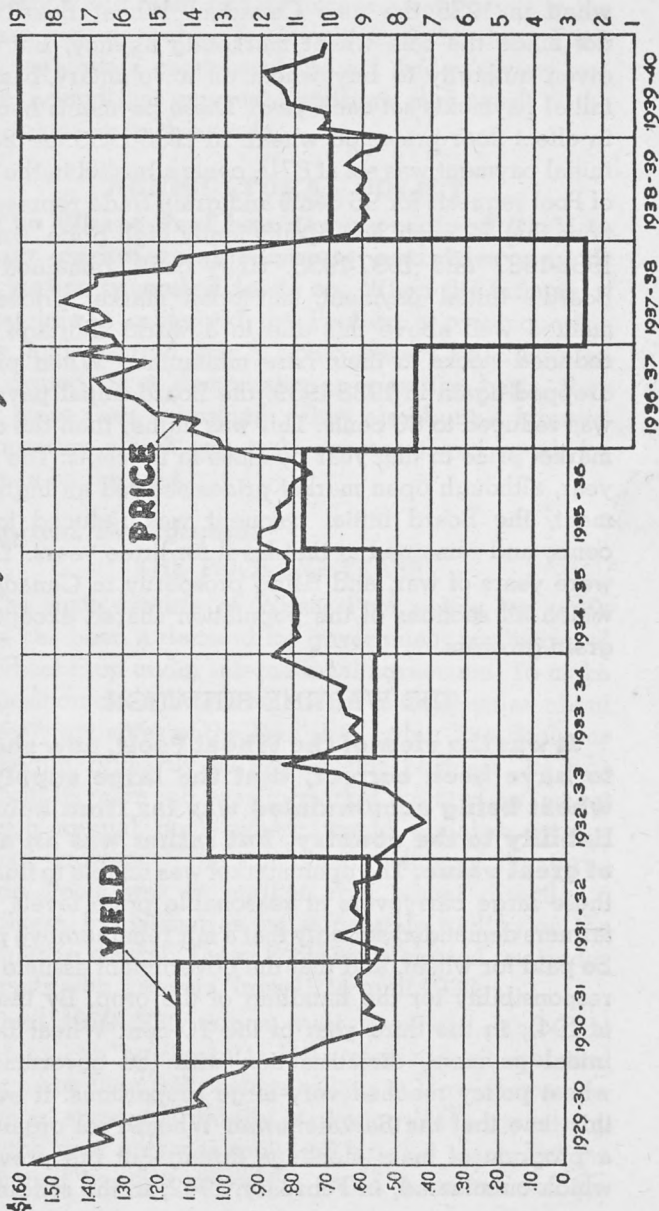
Ever since the war, Canada's policy has been to develop its vital trade in wheat on the basis of orderly marketing and fair dealing. Western farmers have urged and supported such a policy in the belief that the surest way to destroy the security of the wheat producer would be to put wheat marketing on a competitive, speculative basis that would mean insecurity for importers as well as for exporters. Great scarcity, wheat producers feel, may result in high prices for short periods, but this would probably result in attempts by importers to reduce their dependence on such a market, and the net result would almost surely be shrunken markets, and drastic price declines whenever a surplus appeared. Such surpluses have already shown up, but with orderly marketing they are considered to be more of an asset than a liability.

OPEN MARKET PRICES AND CROP YIELDS IN THE 1930'S

Where is the security in this picture?

AVERAGE MONTHLY PRICE
No. 1, H. & W.

AVERAGE MONTHLY YIELD
IN SASKATCHEWAN



THE CANADIAN WHEAT BOARD

It came as a great disappointment to western growers when in 1935 the new Canadian Wheat Board was not made the sole wheat marketing agency, but only given authority to buy wheat on a voluntary basis at initial payments set each year. These payments became in effect floor prices on wheat. In 1935-1936 the Board initial payment was set at 87½ cents a bushel in the face of Pool requests for 95 cents and grain trade representations that 70 cents was a sufficiently high price. During 1936-1937 and 1937-1938, 87½ cents remained the Board's initial payment, but open market prices remained well above this due to a world shortage that reduced stocks to their bare minimum. When prices dropped again in 1938-1939, the Board initial payment was reduced to 80 cents. This was higher than the open market price in that year by close to 20 cents. The next year, although open market prices showed an improvement, the Board initial payment was reduced to 70 cents, and remained at that level for three years. These were years of war, and rising prosperity in Canada, in which all sections of the population shared except the grain growers.

THE WARTIME SITUATION

It was the view of the Wheat Pools, now shown to have been correct, that the large supply of wheat being accumulated was far from being a liability to the country, but rather was an asset of great value. The open market was unable to finance these large carryovers at reasonable price levels, and farmers demanded strongly that a fair remunerative price be paid for wheat, and that the government assume sole responsibility for the handling of the crop. By the fall of 1941, in the third year of the 70 cent Wheat Board initial payment, dissatisfaction with the government's wheat policy reached very large proportions. It was at this time that the Saskatchewan Wheat Pool organized a program of mass meetings throughout the province which culminated, in February, 1942, in the sending to

The Wheat Pool recognizes that as a result of changing conditions involving delivery quotas, elevator congestion and other factors further amendments to the act are now desirable. A committee of the three Pools now has certain sections of the act under review and it is expected that important revisions may result in the near future from this study.

AGRICULTURAL POLICY

The Wheat Pool has never confined itself to purely commercial business activities and it was never intended to do so. When the farmers of Saskatchewan organized the Pool on a province-wide scale, and ensured that it would always be controlled and owned on a democratic co-operative basis, they built more than a business. They also built a farmers' organization which can truly represent and speak for the man on the land.

Historical Background

THE POOLING YEARS

The main feature of Wheat Pool policy for many years has been a demand for government marketing of the wheat crop under international agreement. To make this position clear, however, a word of explanation about the early activities of the Pool is in order. The Pool was not begun primarily as an elevator business. Its first job, and its main job, was to market the farmers' wheat through annual pools which would equalize returns to Pool growers. The combined policy of the three prairie Pools was to market Pool wheat directly to customers, by-passing as far as possible trading on the speculative market. These Pools were carried on, under contracts with growers, from 1924 until 1930.

Until 1929-1930 things went very well, and Pool members can be shown to have received a better and fairer price than did persons selling to Line companies. It was an attempt at orderly marketing of the grain crop over the year and was sound so far as it went. But the crash that brought down the world economy and the

world wheat market with it, at the end of the twenties, showed that it didn't go far enough. It showed that the problem was a world problem, requiring measures of international co-operation for its solution, and that orderly marketing was possible only through planning extended over a period of years.

Farmers therefore turned again (the years prior to formation of the Pools were the first occasion) to their demand that Canadian wheat be marketed through the single agency of a Canadian Wheat Board, thus eliminating speculative marketing. They demanded also that international marketing agreements should be negotiated which would assure, not only equitable marketing arrangements at home, but planned orderly procedures on the world market. This is still Wheat Pool policy, unanimous in all three prairie provinces.

THE EARLY THIRTIES

The years of depression in the 1930's did not change, but only confirmed and strengthened, the basic policies of the Wheat Pool. They were terrible years, during which the economy of Saskatchewan suffered a long period of drought and low prices that well-nigh destroyed it. It was a time of great hardship, but it taught the farmers of Saskatchewan much. They saw the speculative grain market reach a point where it was utterly unable to cope with accumulating and "unsaleable" surpluses. (But the grain **was** all sold, when crop failure reduced reserves and forced the price up to an average of \$1.31½ for No. 1 Northern, Fort William in 1937-1938.)

From 1931 the demand of the Wheat Pool was for wheat marketing to be taken over entirely by a national board. Not until 1935 was a Canadian Wheat Board created, and then not as sole marketing agency. In the meantime the organized demands of the Wheat Pools for some relief for the farmer from a hopelessly broken down marketing machinery resulted in the Dominion government buying considerable quantities of wheat as a stabilization operation. This action saved the situation to some slight extent.

countries are members of this organization, which was formed in 1946 and finally set up on a permanent basis in 1947. The I.F.A.P. will not only show that the farmers of the world understand their basic community of interests, but it will translate that unity into definite policies and recommendations. One immediate task is to give support, assistance and guidance to F.A.O.—the Food and Agriculture Organization of the United Nations. The I.F.A.P. has from the first made the negotiation of an International Wheat Agreement one of its first objectives.

A word about F.A.O. is also essential. This world organization, established by governments, is dedicated to the betterment of the world's food supply and the improvement of the farmer's lot. It has no other powers than advisory ones. Its interests are in the fields of nutrition, food production and distribution. It provides the machinery necessary for a world-wide attack on the problems of food and agriculture, but the machinery is no good without the will to set it in effective operation. One task of the I.F.A.P. is to show the governments of the twenty-six member countries that farmers, at least, are united behind the attempt to make F.A.O. work. The signing of an International Wheat Agreement was a great step forward toward



the accomplishment of the aims of F.A.O., and one which F.A.O. itself strongly advocates.

LIVESTOCK

As at July 31, 1953, the Saskatchewan Wheat Pool Livestock Division finished its ninth full year of operations. During these years, the Livestock Pool has built public stockyards and established fully competitive markets at three points in the province—Swift Current, Yorkton and North Battleford—where none were before. The North Battleford yard, the one most recently opened, began operations in September, 1949.

The objective in establishing these new yards was to put producers in all parts of the province close to fully competitive public markets. It was felt that prices to producers remote from regular markets did not keep in line with wholesale market prices. In connection with the success of this policy, the 1949 Annual Report of the Wheat Pool states:

"Your Board is satisfied that the establishment of markets at these points, with prices fully in line with outside markets, has raised the basic price of livestock not only to Pool members but also to all livestock producers in the surrounding area."

Auction Selling

The traditional method of selling livestock at public stockyards has been by private treaty, and while this method has not been unsatisfactory, there has recently been a development toward the auction method. Probably part of the reason for this development was the lifting of the embargo on shipments of live cattle, calves, sheep and lambs to the United States, and the resultant outside buying competition that developed.

In hopes of taking greater advantage of this buying competition, the auction method of selling livestock was introduced at the Saskatoon public market in September, 1950. It is the opinion of the Manager of the livestock division that this auction method of selling has certain advantages.

4. The elimination of the use of the speculative market by The Canadian Wheat Board in the marketing of coarse grains.
5. A workable plan for the equitable distribution of cars between elevators and shipping points throughout the three Provinces on the basis of the amount of grain handled or to be handled during the season, to the end that growers may be able to deliver grain to the country elevator of their choice; at the same time preserving to the individual grower his right to order cars under the Car Order Book Sections of the Canada Grain Act.
6. In periods of heavy crop production uniform delivery quotas should be applied and maintained at all points in order to provide an equitable division of elevator space and give to all growers the opportunity to deliver some grain in heavy delivery periods.
7. Increased use of the Agricultural Prices Support Act as a means of providing adequate support prices for those farm commodities to which the Act applies.
8. The establishment of support prices on all livestock marketed through licensed stock yards.
9. The establishment of a Board of Livestock Commissioners to administer the Livestock and Livestock Products Act and to regulate trade practices where necessary.
10. Establishing the principle of compulsory grading

of hogs, subject to the right of the producer to choose between rail and live grading.

11. The development of an adequate scheme of crop insurance, the cost to be borne jointly by the Federal and Provincial Governments and producers.
12. To bring into effect a plan of interim farm financing which will enable farmers unable to deliver grain at country elevators to secure cash advances against grain in store on the farm.

FARMER UNITY

The greatest strength of the farm movement in Canada today probably lies in the fact that it presents a united front stretching from the Maritimes to British Columbia. This is accomplished through the Canadian Federation of Agriculture, which is composed of provincial and regional federations of farmer organizations, many of them co-operatives. The C.F.A. grew to maturity during the years of the war, and now occupies a recognized place as the representative of organized farmers throughout Canada.

Through its Ottawa headquarters and working with the farm organizations most directly concerned, the C.F.A. constantly presents the viewpoint of Canadian farmers on all matters affecting Canadian agriculture. The Wheat Pool has from the first played a leading part in the formation and development of the C.F.A. It believes that an agricultural policy that is worth while must be a Canadian agricultural policy.

Looking beyond the boundaries of Canada we find that the Canadian Federation is a member of the I.F.A.P.—the International Federation of Agricultural Producers. Farmer (not government) representatives of twenty-six

need for these general suspensions, and protested them vigorously.

Distribution of Box Cars

During recent years there has been growing dissatisfaction with the mal-distribution of box cars between shipping points, and between elevators at individual shipping points.

During periods of elevator congestion farmers often have to wait for months if they wish to deliver grain to a particular elevator at a shipping point. In many cases, box cars received at individual points are distributed equally among the elevators, with no consideration given to the degree of congestion or the wishes of farmers waiting to deliver grain.

As a result of this situation, Wheat Pool delegates at the annual meeting in 1953 passed a resolution asking for:

"a workable plan for the equitable distribution of cars between elevators and shipping points throughout the three Provinces on the basis of the amount of grain handled or to be handled during the season, to the end that growers may be able to deliver grain to the country elevator of their choice; at the same time preserving to the individual grower his right to order cars under the Car Order Book Sections of the Canada Grain Act."

This problem had already been given consideration by the three Pool organizations before the above resolution was passed. A request had been made by the Pools to the Board of Grain Commissioners asking for regulations to be passed which would make such a proposal effective. The request was turned down by the Board on the grounds that it did not have authority to pass such regulations. The question of authority was later referred to the Justice Department at Ottawa, who upheld the decision of the Board.

As a result of this ruling, it is now necessary to obtain an amendment to the Canada Grain Act to make the above proposal effective. Drafting of a suitable amendment is now in progress, and following approval by the three Pool organizations, the amendment will be submitted by the Pools for consideration by parliament.

Loans Against Grain on Farms

At the urging of the Wheat Pool and other farmer representatives, the Federal government in 1950-51 agreed to guarantee bank loans to farmers on grain held on their farms. Although such loans were not extensively made, they filled an important need for those growers who did use them.

The Wheat Pool believes that under present conditions there is increasing need for some form of interim farm grain financing on a fairly permanent basis, and Pool delegates at their 1953 annual meeting approved a resolution to this effect.

WHEAT POOL FUTURE POLICY

The following is the 12-point statement of future policy which was adopted by the Saskatchewan Wheat Pool delegates at their 29th annual meeting in November, 1953. It is largely self-explanatory:

1. The maintenance of The Canadian Wheat Board as the sole marketing agency for all Western grown grains.
2. Support of the International Wheat Agreement as a permanent feature of Canadian agricultural policy.
3. The establishment of a domestic price for wheat which would be subject to adjustment from time to time in accordance with changes in domestic economy.

For grain, farmers have the Canadian Wheat Board. For other farm products they have the Agricultural Prices Support Act. Both are results of the efforts of organized farmers throughout Canada, Saskatchewan Wheat Pool members among them. Both are important and hard-won protections to the farm industry.

The Prices Support Act is an ever-ready weapon against farm prices which go unreasonably low. But it is not an Act (as yet) that operates automatically or always satisfactorily. When it is needed, therefore, as with livestock in 1952, organized farmers have a job to do to see that it is used promptly, adequately, and effectively. The results too often fall short of this ideal, it is true, as cattle producers and egg producers know. But the protection that has been received has unquestionably been of very great value, and farmers can congratulate themselves that the principle of price support as a regular tool of farm policy has been established to a considerable extent.

The Transportation Problem

The movement of the western grain crop has been in a state of almost continuous difficulty since the 1950 crop began to move to market. The story of the transportation problem since that time deserves a pamphlet to itself, and is too long to detail here. In the fall of 1952 the largest crop in the history of western Canada was moving to market. It started to market with heavy stocks of grain already in country elevators and by November more than two-thirds of the Wheat Pool's elevators were plugged. The 1951-52 crop year was marked by a very large increase in the grain movement, and very strikingly in boxcar loadings. A greatly stepped-up movement through the west coast was another feature of the crop year. (The greatest feature was, of course, the successful disposal of the enormous quantities of damp and tough grain harvested in the fall of 1951).

During the 1952-53 crop year, the movement of Canadian grain broke all previous records. In the fall

of 1953, however, country and terminal elevator facilities remained seriously congested as a result of unprecedented crop production. The movement of grain continued at about the same level as in the previous year but with heavy stocks on farms it was evident that elevator congestion would still present a serious problem during the remainder of the crop year. All in all the job that has been done, and is being done, is not perfect, but it is undeniably good.

The Wheat Pool has contributed to this result in the following ways:

- 1.—Maximum co-operation of the Wheat Pool, as a grain handling business, with all the authorities concerned.

- 2.—The giving of steady publicity to the situation and to the problem, thus ensuring that its importance and urgency were not underestimated.

- 3.—Taking part in the successful demand for the appointment of a transport controller, to ensure equitable and most efficient use of scarce transportation facilities.

The Car Order Book

Closely associated with the transportation problem is the question of the Car Order Book. In times of scarcity of elevator space, the desires of growers as to where they wish to deliver their grain can be thwarted by a distribution of box cars, between elevators at individual points, which does not take the wishes of the growers into account. The Board of Directors and the delegates of the Wheat Pool have both considered this problem. Both recommended to Wheat Pool members that they make use of the car order book at all competitive points to ensure as far as possible that they get the cars which would enable them to deliver to the elevator of their choice. During two periods, from December 1951 until the end of the 1951-52 crop year, and from October until December, 1953, the use of the car order book was suspended by order of the Transport Controller.

Since the Controller already had power to exercise priority over the car order book for any specially required shipments, the Pool was not convinced of the

United States, Australia and France, signed. The quota of the United Kingdom in the first agreement had been 177,000,000 bushels per year, making her by far the largest importer. The withdrawal of this quantity from the new agreement was partially offset by increases in the import quotas of several other countries. The net result was that total guaranteed quantities in the new agreement were reduced to 421,000,000 bushels. At a later meeting, held in Madrid, the individual quotas of the exporting countries were set as follows: Canada, 163,000,000 bushels; Australia, 48,000,000 bushels; France 367,000 bushels; and United States, 209,000,000 bushels.

Although the withdrawal of the United Kingdom was a definite disappointment to western farmers, it should be kept in mind that the agreement can operate successfully without participation by that country. The guaranteed quantities under the new agreement are equal to almost one-half of the average quantity of wheat entering world trade during the past few years.

Wheat Trade with the United Kingdom

Traditionally, the United Kingdom is Canada's best wheat customer. In fact, during the past 10 years, about one-half of Canada's wheat exports have gone to that country.

Naturally, the first question arising as a result of the United Kingdom's failure to ratify the new agreement was—what effect will this action have on Canada's export position?

The chances are that it won't change the position very much. The Canadian Wheat Board has been selling wheat outside the agreement at the prevailing agreement price. To date the Board has been able to operate effectively, offering the highest quality wheat available anywhere on a competitive basis with other countries, and holding the price line at a satisfactory level in the process.

Because of heavy purchases in the final weeks of the old wheat agreement, the United Kingdom entered the new crop year with large stocks on hand. These

stocks, together with a large domestic wheat harvest, filled storage capacity to the limit.

Most of the imported wheat was owned by the government, who last spring announced that commencing with the new crop year, it planned to discontinue trading in wheat. Consequently, when the new crop year opened, the United Kingdom government began to release its stocks of imported wheat to the mills. This resulted in reduced demand on the part of millers for outside purchases during the early months of the 1953-54 crop year. This may mean lower purchases for the season, but it is certain that the United Kingdom will still require large quantities of high quality imported wheat. Canada has the kind of wheat that the United Kingdom requires. As the Wheat Board is prepared to sell it at a fair price, there is no reason to believe that the wheat trade position will change greatly from previous years. In fact, during the first quarter of 1953-54 Canada exported 24,000,000 bushels of wheat to the United Kingdom—6,000,000 bushels more than during the same period of the previous crop year.

Price Support

In a world of managed currencies, dollar shortages, rearmament and trade restrictions, a food-surplus producing country like Canada is constantly faced with difficult problems of farm policy that cannot be expressed in the simple terms "prosperity" or "depression." While general agricultural depression would be bound to depress the Canadian economy, and vice-versa, yet inadequate prices to groups of producers are very possible at the same time as there is continued economic well-being in the country as a whole, or even a rising level of farm costs.

A sound agricultural policy for Canada must feature constant effort to develop markets, and constant willingness to use agricultural price supports not just as a last-ditch help, but as a weapon for keeping the farm industry healthy and on an even keel.

International Wheat Agreement

In the realm of wheat policy the fundamental aim of the Wheat Pool for many years was to see established an international agreement for the marketing of wheat. It was a great triumph for organized farmers, therefore, when the first agreement was negotiated in 1949.

Starting with thirty-seven importing countries and four exporting countries, arrangements were made for the trade of 456,000,000 bushels of wheat during the first year of the agreement. Canada's share of the export quantity was 203,000,000 bushels.

By 1952-53, the fourth and final year of the agreement, the number of importing countries had been increased to forty-two and the guaranteed quantities had increased to 581,000,000 bushels.

The quotas of the four exporting countries in the final year were as follows:

Australia.....	89,000,000 bushels
Canada.....	235,000,000 bushels
France.....	4,000,000 bushels
U.S.A.....	253,000,000 bushels

The maximum price (in terms of U.S. funds) during the period of the agreement was \$1.80 per bushel, plus carrying charges under certain conditions. The minimum price for the first year was \$1.50 per bushel. In each succeeding year the minimum price was lowered by 10 cents according to the terms of the agreement, reaching \$1.20 by the final year.

It should be noted that there was no obligation for importing countries to buy their quotas except if requested to do so at the minimum price, nor was there any obligation for the exporting countries to sell their quotas except if requested to do so at the maximum price. Provision was made for a free movement of prices between the maximum and the minimum, and each country was allowed to carry on its marketing of wheat as it wished within the terms of the agreement.

The successful completion of the first agreement clearly demonstrated that this type of wheat marketing has been of definite value to exporting countries. The

agreement did not restrict trade in any way. Actually, it provided an element of stability to the world economy that greatly encouraged the expansion of wheat trade.

The support of prairie farmers for this system of marketing during the period of negotiation leading to a new agreement was ample evidence of their approval.

The attitude of importing countries toward the principle of international commodity agreements has received little publicity, but during the recent negotiations of a new agreement the value to importers was frequently emphasized. At the conclusion of the latest conference it was the delegate of an importing country who moved the recommendation calling for a new agreement. In his address he expressed the view of more than one importing country when he stated "The International Wheat Agreement has contributed clearly to achieve a degree of stability in wheat prices and an orderly behaviour in purchases and sales during a period when other commodities were subject to very wide and very sharp price fluctuations and to purchasing and sale practices influenced by unco-ordinated policies."

The New Agreement

With the old agreement due to expire on July 31, 1953, a conference was called in London, England, in the spring of 1952 to discuss renewal of the pact. It became apparent that several of the key countries were not prepared to negotiate at that time and the conference was adjourned until January, 1953. The next session took place in Washington, and resulted in the negotiation of a new three-year agreement. Its general terms were similar to those of the first agreement. The maximum price was raised to \$2.05 and the minimum was fixed at \$1.55 for the full period of the agreement. Of the forty-two importing countries who participated in the old agreement, all but one signed again. The lone exception was the United Kingdom. Four new countries entered the agreement, bringing the total number of importers to 45. All four exporting countries—Canada,

It provides all resident buyers, as well as outside buying interests, an equal opportunity to bid on all livestock offered. It also offers the producer, interested in purchasing his own replacement cattle, the opportunity of bidding. While buying competition quite definitely exists on public markets under private treaty selling, this competition is not always as apparent to the average producer as is the case under the auction method.

In consequence, the Pool's livestock division decided to institute auction sales of livestock at its own markets at Regina, North Battleford, Yorkton and Swift Current.

The method of selling is entirely optional with the producer. Pool members and patrons delivering livestock to their own selling agencies now established at seven points in Saskatchewan, are assured of having a thoroughly qualified livestock man on hand to look out for their interests, regardless of whether they choose the auction or private treaty system of selling. These Pool men are also in a position to advise producers on the method which, in their opinion, will net the highest returns as a result of varying conditions in the trade.

Livestock Pool Operations

Service at cost is the first requirement of a true co-operative. But the greatest advantage to marketing through the Livestock Pool lies in this: That by using his own organization the farmer obtains the full benefit of expert marketing service which has no other object than to serve him cheaply and efficiently. The assurance of this kind of treatment cannot be obtained in any other way. In addition, by using such co-operative service the Pool farmer increases his knowledge of marketing problems and livestock values. Greater market knowledge among farmers will do a great deal to stabilize livestock markets.

The Livestock Division now owns public stockyards at Regina, Swift Current, Yorkton and North Battleford. The organization provides central marketing services at

Saskatoon, Prince Albert and Moose Jaw, as well as at the points where it operates yards. It is also a joint owner of Canadian Livestock Co-operative (Western) Limited, along with co-operative livestock organizations in Alberta and Manitoba. C.L.C. provides a marketing service at St. Boniface, Manitoba.

In Saskatchewan, livestock is shipped by rail and truck. The opening of the new yards has, of course, greatly enlarged the trucking area. At some rail points there are independent shippers and at others co-operative shippers employed directly by the Pool. There are also some local co-operative associations through which livestock may be marketed co-operatively.

The disruption of the livestock industry in Canada due to the outbreak of foot and mouth disease put the greatest responsibility upon the Wheat Pool, both to do everything in its power to see that floor prices were established quickly and at adequate levels, and to give the fairest and most efficient service possible to growers during an extremely difficult period.

In all the Pool's efforts arising out of the foot and mouth outbreak, two things have been made clear. First, in times when distress marketing is an ever-present danger the value of the co-operative marketing service provided by the Pool becomes doubly important to the producer. Second, in keeping informed on, and in assessing, the complex operations of the floor price policy, particularly on cattle, it has been of the greatest value to organized farmers to have their own livestock marketing business through which they can get full, prompt, and accurate information on what is taking place.

The operation of floor prices on livestock have not been satisfactory. The Wheat Pool has constantly pressed for improvement, and will continue to do so. Consistent with its responsibilities to its members, however, the Wheat Pool has, as a major livestock marketing organization, co-operated with the Government to the fullest extent in putting the price support policies of the government into action.

INDUSTRIALIZATION

Industrial Processing of farm products is the latest field of co-operative activity entered by the Wheat Pool. To date the program embraces oil extraction from flaxseed and rapeseed, and the milling of flour and feed.

This program is being carried out with the fullest co-operation between the Wheat Pool and the province's consumer co-operatives, represented mainly by Federated Co-operatives, the provincial wholesale. There is agreement among co-operators in Saskatchewan that producer-owned co-operatives and consumer co-operatives shall, in general, avoid duplication of services, and, whoever may be doing a particular job, the benefits shall be equitably shared by producers and consumers. The success of the co-operative movement in Saskatchewan in developing a high degree of co-operation between producer and consumer interests is a matter of pride to the whole co-operative movement.

Vegetable Oil Plant

The vegetable oil plant at Saskatoon commenced operations in the spring of 1947. Since that time it has marketed linseed oil and oil cake meal to a wide market, both domestic and export. These products are of high quality and have been well received. The plant has met with some difficulty in doing business in export linseed oil contracts under the extremely speculative conditions of the open flax market. Exchange shortages are also a serious limiting factor.

On the domestic market, satisfactory progress is being made in developing sales in the western provinces.

The plant is equipped with three large expellers, capable of crushing 1,950 bushels of flax daily. It also has refinery facilities which enable it to take full advantage of demand for refined vegetable oil of various types, as well as for raw oil.

At the present time, the crushing of rapeseed is an important part of the plant's operations.

Flour Mill

The flour mill, which came into operation in the spring of 1949, is the most up-to-date available. With an expansion program recently completed, the mill's capacity is now 2,000 barrels of flour daily. There is also a feed plant and one-half million bushels of storage capacity. With the opening of the Pool mill, a small mill operated by Federated Co-operatives at Outlook was closed by agreement between it and the Pool. Distribution of flour and feed is made through co-operative and private domestic outlets and on the export market.

In today's flour business, it is not enough for flour to be clean, wholesome, and white, though of course these things are essential. Flour manufacturing today might be compared to the otherwise unrelated business of making nuts and bolts. However good a particular bolt may be in itself, it is of no use to the buyer unless it is exactly the right size. Bakers and others who purchase flour also demand, not just good flour, but flour that exactly fits their needs, as regards things like ash and protein content. The quality must be uniform from day to day, month to month, and year to year, for any particular kind of flour. Also, flours must be produced on demand, to definite specifications.

Obviously, the mill does not receive wheat of uniform and exact quality. A good, efficient mill is one that is able to blend wheat and flour in such a way as to get exactly the product required. The Wheat Pool's mill is equipped with all the most modern machinery to do this, and in this respect cannot be matched by any mill in Canada.

The equipment is there to thoroughly wash, clean, and condition the wheat, and to blend wheat from different lots to get the right over-all grade. At all stages of the very complicated system of grinding, separating and sifting, streams of flour can be mixed at will, with automatic control of the amounts from each stream. The result is a flour that comes up exactly to specifications. To do this, however, requires that the

millers know at all times the quality of all the different lots of wheat, flour, bran, etc., that are going through the mill. This is made possible by laboratories, located in the mill, that conduct constant tests.

The Pool mill is air-conditioned throughout, with exact control of moisture and temperature, also it is bright and airy. All these things are essential to making the best flour.

One special feature of the mill is its heated flour storage, where the flour is aged. This heated storage not only speeds up the ageing process, but makes it possible to deliver flour to bakers with the chill off, ready to be used immediately without a slow warming-up period. A final blending of the flour, to meet special needs, is possible as the flour is moved from storage to the final packing.

Wheat Pool members, and customers, can be assured that this mill is capable of giving the best possible service, with maximum efficiency. Pool flour has already proved its worth, not only on the domestic market, but in export markets throughout the world.

Since it began operations the mill has found markets for its flour from British Columbia to Newfoundland, and in the export market from the Orient to the West Indies. The flour has been found very acceptable by all buyers due to its high quality, and its market in Canada has been developing steadily.

General

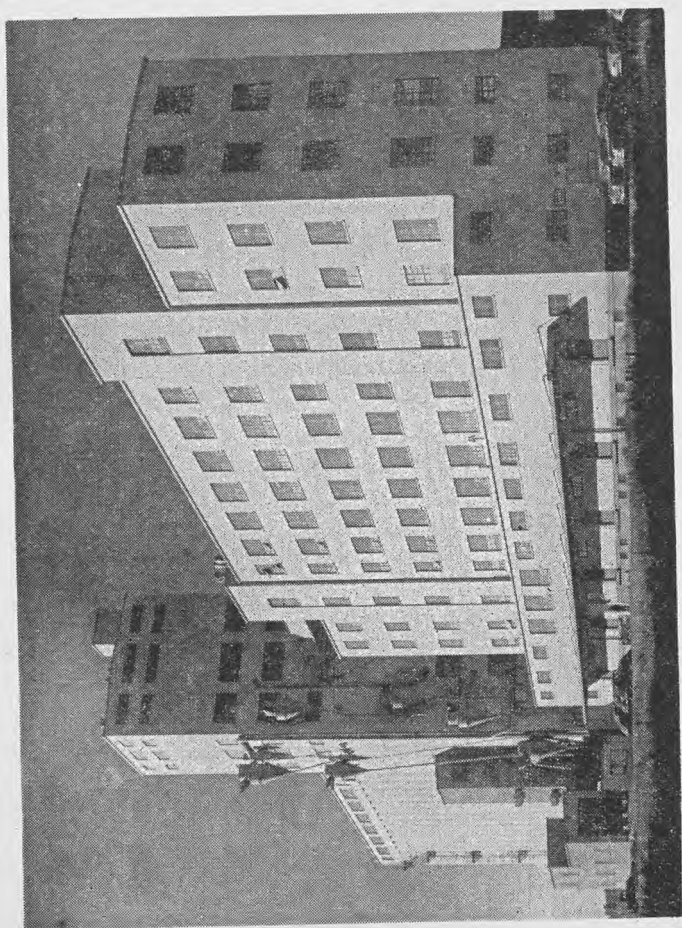
The policy of the Wheat Pool is to keep in close and constant touch with developments in the field of industrial processing of farm products.

Close relations are maintained with the National Research Council, which has a well-equipped laboratory at the University of Saskatchewan for research in farm products.

FREIGHT RATES

Since 1946, when the railways made their first post-war application for a thirty percent across-the-board

The
Saskatchewan
Wheat Pool
Flour Mill
where POOL
and CO-OP
Flour are
made



increase in freight rate charges, a series of decisions by the Board of Transport Commissioners has resulted:

- 1.—In a general increase in rates amounting to 98% over 1946 rate levels.
- 2.—In individual increases in addition to the 98%, on a number of commodities, notably farm machinery and livestock.
- 3.—In corresponding increases in numerous service charges made by the railways.

As a result of the opposition to these increases expressed throughout Canada, except in Quebec and Ontario, a Royal Commission was appointed to investigate and report on the economic and other disadvantages, if any, suffered by any parts of Canada; to review the Railway Act and recommend any needed amendments; to review and report on the capital structure and accounting methods of the railways, and in general to investigate all matters of economic policy connected with the railroads that are within the jurisdiction of the Federal parliament.

In general, the Commission report supported the contention of the western provinces that the horizontal rate increases that have been given result in increasing discrimination against western Canada. It also supported western farmers in their demand that Crow's Nest Pass rates be retained, and left under the jurisdiction of Parliament. The report recommended that the Federal Government bear the cost of operating the portion of the railroad north of the Great Lakes, in order to in effect reduce the geographical disadvantage suffered by western Canada, and this the government has undertaken to do. It also recommended that a general policy of rate equalization be put into effect, and that as far as possible the regulation of rail, air, water and truck transport be put under a single regulatory board.

Following the report of the Royal Commission, the Board of Transport Commissioners was instructed by parliament to carry out a policy of rate equalization. Since that time the Board has been engaged in a complete study of the matter. While no general ruling has

been given as yet, the Board recently issued an order requiring the railways to reduce the level of class rates in western Canada by 5 percent, and authorizing them at the same time to increase class rates in eastern Canada up to 10 percent. This will provide a measure of interim equalization until the Board reaches a decision.

Just how much improvement will result from the equalization study remains to be seen, but freight rate authorities have indicated that great benefits should not be expected.

The Saskatchewan Wheat Pool submitted a brief to the Board during its equalization hearings, as part of its general freight rates policy. Ever since the first rate increase case, the Wheat Pool has maintained close contact with all freight rate matters, and has made every effort to protect the interests of western farmers. Since 1946, in addition to the equalization brief, the Saskatchewan Wheat Pool has presented briefs protesting the 30 percent freight rate increase, the livestock rate increase, and the proposal made by the railways to the Royal Commission that Crow's Nest Pass rates on grain be raised and put under control of the Board of Transport Commissioners. In addition, it presented a separate brief to the Royal Commission representing the interests of western farmers generally.

The Wheat Pool also contested the jurisdiction of the Board of Transport Commissioners to remove the "hold-down" on domestic grain rates. This is the rule which holds down the freight rate on domestic grain, moving in the direct line of transit between prairie points and Fort William, to the level of the Crow's Nest rates. In a recent judgment the Board confirmed its previous decision that it would remove the hold-down at a later date as part of the general equalization program, but stated that at such time interested parties would have an opportunity to make representations regarding changes in the rates. This matter will be given careful attention by the Wheat Pool.

The Wheat Pool feels that the increases in rates

that have been granted, and the way in which they have been granted, have been quite unjustified. In particular it objects to the decision regarding a special increase in livestock rates. At the same time, there is no question that the protests from western Canada, in which the Wheat Pool took a prominent part, had an important effect in keeping freight rates from advancing to an even higher level.

The Pool will continue to do everything possible to prevent further unjustified increases in western freight costs.

SPECIAL SERVICES

Wheat Pool Members have used their organization in a number of ways to supply themselves with necessary services of several kinds. It is one of the advantages of any co-operative organization that it provides a ready means for this kind of self help. Some of the Wheat Pool services are listed below.

Weekly Crop Reports

As a service to its members the Pool organized a statistical department and inaugurated a system of comprehensive weekly crop reports. These reports are now considered the most authoritative that are being issued.

Germination Tests

The Pool renders great service by maintaining facilities for making germination tests. Since this service was inaugurated, to July 31, 1953, more than 450,000 germination tests have been conducted; many samples have been checked for grade and dockage and many more were prepared and distributed among school children. Since August, 1929, when this work was first started, to July 31, 1953, there have been approximately 85,000 individual moisture tests made in the Pool laboratory.

Smut Testing

Members may have the grain which they intend to use or sell for seed tested for smut and other seed borne

diseases. This free service may be obtained by taking a sample of grain to the nearest Pool elevator agent. Tests are made by Associated Laboratory Services Limited, Saskatoon.

Variety Testing Program

The Pool each year conducts a scientific province-wide program of variety testing which contributes to the development of suitable varieties of wheat and other grains. This annual project is made possible by Junior Co-operators who plant and care for individual tests on their farms. The results of these tests are a valuable and regularly used source of information on the performance of new grain varieties.

Aids Junior Extension Work

Among the most successful of Pool projects has been the development, in co-operation with the Extension Department of the University of Saskatchewan, of Junior Grain, Calf and Swine Clubs and Home Craft Clubs (4-H Clubs). These clubs foster in young people a greater appreciation of farm and home life.

Library Service

A comprehensive lending library is maintained at Head Office for members and staff of the Saskatchewan Wheat Pool. This is a useful service and one which is much used and appreciated.

APPENDIX I

SASKATCHEWAN WHEAT POOL

Country Elevator Division

Schedule of Handling Charges—1925-1926 to 1953-1954

WHEAT

Season		H.G.	L.G.	O.	B.	F.	R.
		^c	^c	^c	^c	^c	^c
1925-1926.....	Pool	4	5	—	—	—	—
1926-1927.....	"	5	5	4	5	10	5
1927-1928.....	"	4	4	3	4	10	4
1928-1929.....	"	4	4	3	4	10	4
1929-1930.....	"	4	4	3	4	10	4
1930-1931.....	"	5	6	3	4½	10	4
1931-1932.....	O.M.	4	4	3½	4	7	4
1932-1933.....	"	4	4	3½	4	7	4
1933-1934.....	"	4	4	3½	4	7	4
1934-1935.....	"	4	4	3½	4	8	4
1935-1936.....	W.B.	4½	5½	—	—	—	—
	O.M.	4	4	3½	4	8	4
1936-1937.....	O.M.	4	4	3½	4	8	4
1937-1938.....	O.M.	5½	5½	4½	5½	8	5½
1938-1939.....	W.B.	4½	5½	—	—	—	—
	O.M.	5	5	4	5	8	5
1939-1940.....	W.B.	4½	5½	—	—	—	—
	O.M.	5	5	4	5	8	5
1940-1941.....	W.B.	4	5	—	—	—	—
	O.M.	5	5	4	5	8	5
1941-1942.....	W.B.	4	5	—	—	8½	—
	O.M.	5	5	4	5	9	5
1942-1943.....	W.B.	3	3	—	—	8½	—
	O.M.	—	—	2½	3	—	3
1943-1944.....	W.B.	3	3	—	—	7½	—
	O.M.	—	—	2½	3	—	3
1944-1945.....	W.B.	1	1	—	—	3	—
	O.M.	—	—	1	1½	—	5
1945-1946.....	W.B.	3	3	—	—	5	—
	O.M.	—	—	3	3½	—	5
1946-1947.....	W.B.	3	3	—	—	5	—
	O.M.	—	—	4	4½	—	5
1947-1948.....	W.B.	3½	3½	—	—	8	—
	O.M.	—	—	5	6	—	5
1948-1949.....	W.B.	4½	4½	—	—	—	—
	O.M.	—	—	4½	5½	9	5½
1949-1950.....	W.B.	4½	4½	3½	4½	8	—
	O.M.	—	—	—	—	10	5½
1950-1951.....	W.B.	4½	4½	3½	4½	—	—
	O.M.	—	—	—	—	10	5½
1951-1952.....	W.B.	4½	4½	3½	4½	—	—
	O.M.	—	—	—	—	10	5½
1952-1953.....	W.B.	4½	4½	3½	4½	—	—
	O.M.	—	—	—	—	10	5½
1953-1954.....	W.B.	4½	4½	3½	4½	—	—
	O.M.	—	—	—	—	10	5½

Note: W.B. —Wheat Board
O.M. —Open Market
H.G. —High grades 1, 2 and 3 Nor.
L.G. —Low Grades
O. —Oats

B. —Barley
F. —Flax
R. —Rye

